

SCOTTISH WIDOWS

official pensions and investment provider



Scottish Widows Overseas Growth Investment Funds ICVC

Interim Short Report
for the period ended
31 May 2010

Scottish Widows Overseas Growth Investment Funds ICVC

The Company

Scottish Widows Overseas Growth Investment Funds ICVC
15 Dalkeith Road
Edinburgh
EH16 5WL

Incorporated in Great Britain under registered number IC000164. Authorised and regulated by the Financial Services Authority.

Authorised Corporate Director (ACD), Authorised Fund Manager and Registrar

Scottish Widows Unit Trust Managers Limited

Registered Office:

Charlton Place
Andover
SP10 1RE

Head Office:

15 Dalkeith Road
Edinburgh
EH16 5WL

Authorised and regulated by the Financial Services Authority and a member of the Investment Management Association.

Investment Adviser

Scottish Widows Investment Partnership Limited

Registered Office:

33 Old Broad Street
London
EC2N 1HZ

Business Address:

Edinburgh One
60 Morrison Street
Edinburgh
EH3 8BE

Authorised and regulated by the Financial Services Authority and a member of the Investment Management Association.

Depository

State Street Trustees Limited

Registered Office:

20 Churchill Place
Canary Wharf
London
E14 5HJ

Head Office:

525 Ferry Road
Edinburgh
EH5 2AW

Authorised and regulated by the Financial Services Authority.

Independent Auditors

PricewaterhouseCoopers LLP
Erskine House
68-73 Queen Street
Edinburgh
EH2 4NH

Introduction

Twice a year we are required to send you a Short Report of the Investment Company with Variable Capital (ICVC) in which you're invested. The report covers how the Funds in the ICVC have performed and how they are invested. It also includes a review from the Funds' managers. Short Reports are important as not only do they keep you up-to-date with Fund activity and Fund managers' opinion, but they also contain important information about any changes to how Funds operate. However, please note that Short Reports don't contain any details about the value of your personal investment. Information that is personal to you is sent to you annually in your OEIC or ISA statement. The statement gives you the value of your investment. You can also get an up-to-date value of your investment by registering at www.scottishwidows.co.uk/statements

Contents

Prospectus changes	1
American Growth Fund	2
American Select Growth Fund	4
Euroland Fund	6
European Growth Fund	8
European Select Growth Fund	10
Global Growth Fund	12
Global Select Growth Fund	14
Japan Growth Fund	16
Japan Select Growth Fund	18
Pacific Growth Fund	20

Long reports are available on request. If you would like a copy, please telephone Client Services on **0845 300 2244** or download the Financial Statements from the website www.scottishwidows.co.uk which is a website maintained by Scottish Widows plc on behalf of Scottish Widows Unit Trust Managers Limited.

Daily fund prices can also be found at the above website.

Prospectus changes

During the period and up to the date of this report, the following changes were made to the Company and therefore the following changes were reflected in the Prospectus of Scottish Widows Overseas Growth Investment Funds ICVC:

- The Prospectus was updated on 9 April 2010 to require statements to be issued to shareholders only annually rather than 6 monthly. Customers will be notified of this change through their next statement or in a separate mailing. Individual valuations will continue to be available online or on request.
- The "UK Taxation" section and other parts of the Prospectus have been updated to clarify the tax position.
- There has been an update to the list of "Other Eligible Securities Markets" in Appendix A of the Prospectus.
- The name of the ultimate holding company of the ACD has changed from Lloyds TSB Group plc to Lloyds Banking Group plc.
- The ACD may refuse to accept applications for subscriptions or switches of shares in a fund which it knows or in its absolute discretion considers to be associated with market timing activities.
- The Prospectus has been updated in line with FSA Rules in relation to suspension of dealings in the Company.
- We have clarified that the ACD may, in accordance with the FSA Rules, identify a point in time in advance of a valuation point ("a cut-off point") after which it will not accept instructions to sell or redeem Shares at that valuation point.
- We have clarified that currently transfer of title to Shares may not be effected on the authority of an electronic communication.

A copy of the Prospectus is available on request.

FUND PROFILE

Fund Aims

To give long-term capital growth by investing in a wide portfolio of mainly North American company shares.

Risks

Equity risk factor: Investing in equities generally has the potential for higher capital growth over the longer term than investing in, say, fixed interest securities. However there might be considerable fluctuations in equity prices and there is a greater risk that you might not get all your money back.

Exchange rate risk factor: Exchange rate changes might cause the value of any overseas investments to go up or down.

INVESTMENT MANAGER'S REVIEW

US stocks endured an early-year hangover, as investors took profits on 2009's gains. This was partly due to concerns over the worsening position in Greece and the prospect of tighter monetary policy in China. The S&P 500 index gained 0.4% in dollar terms over the six months. The Fund outperformed its benchmark.

During the reporting period, a \$940 billion healthcare bill was signed into law by President Obama, seeking to extend insurance to 32 million Americans without coverage. Analysis suggests it is not clear cut as to whether the healthcare reform will be positive or negative for the fiscal position.

The first quarter of 2010 also brought significant policy reform in the banking sector. Senate Democrats published a plan to overhaul financial markets. Firmly in their sights were Wall Street banks, with plans to rein in profits, demand that higher capital is set aside and intentions to clamp down on managers' pay.

In April, around 80% of the 173 companies in the S&P 500 index that reported results beat their earnings expectations. Some ground was lost in May, however, when all ten of the index's core sectors fell.

At individual asset level, Perrigo was a strong performer over the reporting period. The company is a global healthcare supplier which manufactures and distributes over-the-counter drugs. Its share price rose steadily over the six months receiving an extra boost in March when it purchased PBM, a baby-food maker, in a deal worth \$808 million.

Our holding in O'Reilly Automotive, the car parts retailer, also boosted returns. It performed well as investors responded to positive integration news surrounding its merger with CSK Auto.

In contrast, MDU Resources, a diversified natural resources company, had a negative effect on performance over the six months. MDU's share price suffered as investors sought out more economically sensitive stocks.

The outlook for the US economy is somewhat clouded. This is not a traditional economic cycle, making it difficult to assess what the months to come will bring. As managers, we remain vigilant for any potential changes to the economic picture which may catch the market unaware.

Investment markets and conditions can change rapidly and as such the views expressed should not be taken as statements of fact nor should reliance be placed on these views when making investment decisions.

American Growth Fund (continued)

TER

	31/05/10	30/11/09
	%	%
A Accumulation	1.63	1.64
B Accumulation	1.25	1.26
X Accumulation	0.13	0.13

The Total Expense Ratio (TER) is the total expenses paid by each share class in the period, annualised, against its average net asset value. The TER can fluctuate as underlying costs change.

Portfolio Turnover Rate

	31/05/10	30/11/09
		%
PTR	15.91	55.41

The Portfolio Turnover Rate (PTR) is a ratio that reflects the volume of trading within the Fund during the period. The PTR is the sum of all transactions in securities less the sum of all transactions in the Fund's shares against the Fund's average net asset value.

Details of investments

Investments	31/05/10	30/11/09
	%	%
Technology	16.94	17.79
Financials	16.50	13.89
Industrials	11.64	12.10
Consumer Goods	11.54	10.93
Healthcare	10.71	12.16
Oil & Gas	10.01	11.66
Consumer Services	9.93	9.74
Basic Materials	3.26	3.69
Utilities	3.06	3.26
Telecommunications	2.46	2.50
Derivatives	(0.15)	0.09
Net other assets	4.10	2.19
Total net assets	100.00	100.00

Net asset value

	NAV per share	NAV per share	NAV percentage change
	31/05/10	30/11/09	
	(p)	(p)	%
A Accumulation	589.38	512.77	14.94
B Accumulation	616.45	535.34	15.15
X Accumulation	662.82	572.44	15.79

Performance record

	01/12/09	01/12/08	01/12/07	01/12/06	01/12/05	01/12/04
	to 31/05/10	to 30/11/09	to 30/11/08	to 30/11/07	to 30/11/06	to 30/11/05
	%	%	%	%	%	%
American Growth Fund A						
Accumulation	14.95	19.58	(16.91)	5.01	(6.14)	15.23
North America						
Sector Average						
Return	15.53	21.22	(20.96)	1.91	(2.08)	20.02
Standard and Poor's (S&P)						
500 Index	13.24	17.24	(17.05)	3.05	0.49	19.79

Sources: Lipper for American Growth Fund and North America Sector Average Return (funds which invest at least 80% of their assets in North American equities). Basis: Mid to Mid, net income reinvested and net of expenses.

Source: Rimes for the Standard and Poor's (S&P) 500 Index (GBP). Basis: Income reinvested and gross of expenses.

Past performance is not a reliable indicator of future results. The value of an investment and any income from it is not guaranteed and can go down as well as up depending on investment performance and currency exchange rates.

Top five holdings

	31/05/10	30/11/09
	%	%
1. Exxon Mobil	2.68	3.69
2. Apple	2.27	2.43
3. Microsoft	2.04	1.87
4. General Electric	1.77	1.79
5. Johnson & Johnson	1.67	1.78

Number of holdings: 182

Number of holdings: 186

Please note: negative figures are shown in brackets.

FUND PROFILE

Fund Aims

To give long-term capital growth by investing in a select portfolio of mainly North American company shares.

Risks

Equity risk factor: Investing in equities generally has the potential for higher capital growth over the longer term than investing in, say, fixed interest securities. However there might be considerable fluctuations in equity prices and there is a greater risk that you might not get all your money back.

Exchange rate risk factor: Exchange rate changes might cause the value of any overseas investments to go up or down.

Select portfolio risk factor: A select portfolio contains a limited number of stocks. By investing in a select portfolio there might be greater fluctuations in the value of your shares than with a wider portfolio.

INVESTMENT MANAGER'S REVIEW

US stocks endured an early-year hangover, as investors took profits on 2009's gains. This was partly due to concerns over the worsening position in Greece and the prospect of tighter monetary policy in China. The S&P 500 index gained 0.4% in dollar terms over the six months. The Fund outperformed its benchmark.

During the reporting period, a \$940 billion healthcare bill was signed into law by President Obama, seeking to extend insurance to 32 million Americans without coverage. Analysis suggests it is not clear cut as to whether the healthcare reform will be positive or negative for the fiscal position.

The first quarter of 2010 also brought significant policy reform in the banking sector. Senate Democrats published a plan to overhaul financial markets. Firmly in their sights were Wall Street banks, with plans to rein in profits, demand that higher capital is set aside and intentions to clamp down on managers' pay.

In April, around 80% of the 173 companies in the S&P 500 index that reported results beat their earnings expectations. Some ground was lost in May, however, when all ten of the index's core sectors fell.

Over the six months, the portfolio benefited from having more exposure to the industrials and technology sectors than its benchmark. A comparative lack of exposure to the healthcare and utilities sectors was also beneficial to returns.

At individual asset level, Perrigo was the Fund's best-performing stock over the period. The company is a global healthcare supplier which manufactures and distributes over-the-counter drugs. Its share price rose steadily over the six months receiving an extra boost in March when it purchased PBM, a baby-food maker, in a deal worth \$808 million.

Our holding in O'Reilly Automotive, the car parts retailer, also boosted returns. It performed well as investors responded to positive integration news surrounding its merger with CSK Auto.

In contrast, our holding in Halliburton had a detrimental effect on performance over the six months. The company's share price suffered due to its contract to provide cementing services at the Deepwater Horizon well, the source of the oil spillage into the Gulf of Mexico. We have no long-term concerns over the stock, however, and continue to hold it in the portfolio as we believe the fall to be purely sentiment-driven.

Looking ahead, we believe that a sharp rise in essential capital expenditure is shielding the technology sector from the vagaries experienced by other economically sensitive areas of the market. With this in mind, we intend to retain the Fund's exposure to those stocks which will benefit most from this trend.

The outlook for the US economy is somewhat clouded. This is not a traditional economic cycle, making it difficult to assess what the months to come will bring. As managers, we remain vigilant for any potential changes to the economic picture which may catch the market unaware.

Investment markets and conditions can change rapidly and as such the views expressed should not be taken as statements of fact nor should reliance be placed on these views when making investment decisions.

American Select Growth Fund (continued)

TER

	31/05/10	30/11/09
	%	%
A Accumulation	2.03	2.04
X Accumulation	0.53	0.52

The Total Expenses Ratio (TER) is the total expense paid by each share class in the period, annualised, against its average net asset value. The TER can fluctuate as underlying costs change.

Portfolio Turnover Rate

	31/05/10	30/11/09
		%
PTR	78.41	143.40

The Portfolio Turnover Rate (PTR) is a ratio that reflects the volume of trading within the Fund during the period. The PTR is the sum of all transactions in securities less the sum of all transactions in the Fund's shares against the Fund's average net asset value.

Details of investments

Investments	31/05/10	30/11/09
	%	%
Technology	22.80	24.63
Consumer Goods	14.85	12.89
Industrials	14.13	6.51
Financials	13.54	12.67
Oil & Gas	10.57	12.47
Healthcare	7.82	11.44
Consumer Services	6.76	6.29
Basic Materials	3.89	9.40
Telecommunications	1.43	-
Utilities	0.72	1.57
Net other assets	3.49	2.13
Total net assets	100.00	100.00

Net asset value

	NAV per share	NAV per share	NAV percentage change
	31/05/10	30/11/09	
	(p)	(p)	%
A Accumulation	489.11	423.14	15.59
X Accumulation	547.24	469.96	16.44

Performance record

	01/12/09	01/12/08	01/12/07	01/12/06	01/12/05	01/12/04
	to 31/05/10	to 30/11/09	to 30/11/08	to 30/11/07	to 30/11/06	to 30/11/05
	%	%	%	%	%	%
American Select Growth Fund A						
Accumulation	15.60	10.25	(15.75)	10.33	(6.18)	16.64
North America Sector Average						
Return	15.53	21.22	(20.96)	1.91	(2.08)	20.02
Standard and Poor's (S&P) 500 Index	13.24	17.24	(17.05)	3.05	0.49	19.79

Sources: Lipper for American Select Growth Fund and North America Sector Average Return (funds which invest at least 80% of their assets in North American equities). Basis: Mid to Mid, net income reinvested and net of expenses.

Source: Rimes for the Standard and Poor's (S&P) 500 Index (GBP). Basis: Income reinvested and gross of expenses.

Past performance is not a reliable indicator of future results. The value of an investment and any income from it is not guaranteed and can go down as well as up depending on investment performance and currency exchange rates.

Top five holdings

	31/05/10		30/11/09
	%		%
1. PNC Financial Services	4.21	Occidental Petroleum	4.93
2. Emerson Electric	3.81	Microsoft	4.68
3. Perrigo	3.77	Coca-Cola	3.74
4. Occidental Petroleum	3.54	Johnson & Johnson	3.70
5. Cisco Systems	3.26	Hewlett-Packard	3.53

Number of holdings: 48

Number of holdings: 47

Please note: negative figures are shown in brackets.

FUND PROFILE

Fund Aims

To give long-term capital growth by investing in a select portfolio of mainly company shares, primarily in Euroland. By Euroland, we mean countries within the European Economic and Monetary Union, who are either in the process of replacing, or have replaced, their national currencies with the Euro.

Risks

Equity risk factor: Investing in equities generally has the potential for higher capital growth over the longer term than investing in, say, fixed interest securities. However there might be considerable fluctuations in equity prices and there is a greater risk that you might not get all your money back.

Exchange rate risk factor: Exchange rate changes might cause the value of any overseas investments to go up or down.

Select portfolio risk factor: A select portfolio contains a limited number of stocks. By investing in a select portfolio there might be greater fluctuations in the value of your shares than with a wider portfolio.

INVESTMENT MANAGER'S REVIEW

Fears of a sovereign debt default has been the dominant story of the last six months. Greece came under the spotlight after it revealed the perilous state of its public finances. The markets balked and equities sold off heavily. But EU member states acted: first, bailing out the heavily indebted Aegean republic, and then by launching a €750 billion loans package to defend the embattled euro. The cheer, however, was short-lived, with the downgrading of Portugal's and Spain's debt by ratings agencies prompting a return of risk aversion. The latter's banking sector is also teetering. Away from the debt crisis, though, the picture is a little more sanguine. Forward-looking economic indicators are encouraging, while companies are once again delivering solid profit numbers. Overall, the FTSE Europe ex-UK index was down 2.2% in local currency terms for the six months to end-May.

Turning to the portfolio, Fresenius Medical had a good review period. Shares in the German group rose in February after it reported a pronounced rise in fourth-quarter 2009 profits compared to the year before, with sales in North America particularly impressive. Since then, Fresenius has found its shares in demand, with cost-cutting measures, an increase in sales in the renal drug market and expansion of its clinic work expected to drive returns over 2010.

Meanwhile, a position in Daimler boosted the Fund's showing. The carmaker has made a bright start to the year, supported by a solid performance from its Mercedes-Benz Cars division. News that Daimler had reaffirmed its full-year guidance also pleased the market. Other positives were holdings in Vallourec, Essilor and Technip.

In contrast, a holding in France's Renault was a disappointment. The company's shares tumbled after it posted an annual loss of €3.1 billion in 2009 due to a sharp decrease in sales. On a more positive note, Renault did meet its target for "significantly positive free cash flow", which meant it continued to generate adequate funds to service its debt and manage operations. The Fund's lack of exposure to Dutch firms Ahold and Philips relative to the benchmark also hurt performance.

Looking ahead, this is certainly a challenging period for the eurozone. The sovereign debt crisis will not go away overnight. So far, a number of countries – Germany, Spain, Greece and Italy – have initiated severe austerity packages aimed at tackling the problem. Markets are likely to remain cautious until concrete evidence emerges that these measures are working. Nonetheless, equities still represent good value, and through shrewd stock picking an investor can look forward to solid returns over 2010.

Investment markets and conditions can change rapidly and as such the views expressed should not be taken as statements of fact nor should reliance be placed on these views when making investment decisions.

Euroland Fund (continued)

TER

	31/05/10	30/11/09
	%	%
A Accumulation	1.70	1.75
X Accumulation	0.20	0.25

The Total Expenses Ratio (TER) is the total expense paid by each share class in the period, annualised, against its average net asset value. The TER can fluctuate as underlying costs change.

Portfolio Turnover Rate

	31/05/10	30/11/09
		%
PTR	73.42	201.95

The Portfolio Turnover Rate (PTR) is a ratio that reflects the volume of trading within the Fund during the period. The PTR is the sum of all transactions in securities less the sum of all transactions in the Fund's shares against the Fund's average net asset value.

Details of investments

Investments	31/05/10	30/11/09
	%	%
France	28.74	28.24
Germany	22.85	23.21
Italy	13.28	8.87
Netherlands	12.47	11.94
Belgium	7.86	2.77
Spain	2.97	12.36
Finland	2.21	2.03
Luxembourg	1.95	4.34
Austria	1.71	-
Ireland	1.55	0.87
Portugal	1.48	0.97
Net other assets	2.93	4.40
Total net assets	100.00	100.00

Net asset value

	NAV per share	NAV per share	NAV percentage change
	31/05/10	30/11/09	
	(p)	(p)	%
A Accumulation	146.98	160.58	(8.47)
X Accumulation	162.26	175.98	(7.80)

Performance record

	01/12/09	01/12/08	01/12/07	01/12/06	01/12/05	01/12/04
	to 31/05/10	to 30/11/09	to 30/11/08	to 30/11/07	to 30/11/06	to 30/11/05
	%	%	%	%	%	%
Euroland Fund A						
Accumulation	(8.37)	36.14	(32.57)	18.80	18.77	22.99
Europe (ex-UK)						
Sector Average						
Return	N/A	N/A	N/A	13.48	20.00	23.97
Equity EuroZone						
Sector Average						
Return *	(9.88)	33.34	(33.77)	N/A	N/A	N/A
FTSE Eurobloc						
Index	(9.26)	35.35	(35.65)	20.36	21.88	22.29

Sources: Lipper for Euroland Fund and Equity EuroZone Sector Average Return. Lipper for the Europe (ex-UK) Sector Average Return (funds which invest at least 80% of their assets in European equities and exclude UK securities). Basis: Mid to Mid, net income reinvested and net of expenses.

* The benchmark Sector was amended for the period ended 30/11/2008. The new benchmark is a more accurate representation of the average return achieved by funds with a similar investment mandate to Scottish Widows Euroland Fund.

Source: Rimes for the FTSE Eurobloc Index (GBP). Basis: Income reinvested and gross of expenses.

Past performance is not a reliable indicator of future results. The value of an investment and any income from it is not guaranteed and can go down as well as up depending on investment performance and currency exchange rates.

Top five holdings

	31/05/10		30/11/09
	%		%
1. Siemens	3.98	Banco Santander	4.60
2. Anheuser-Busch InBev	3.68	Telefonica	4.30
3. Total	3.64	Siemens	4.19
4. Daimler	3.53	Total	3.86
5. BNP Paribas	3.33	Societe Generale	3.70

Number of holdings: 44

Number of holdings: 45

Please note: negative figures are shown in brackets.

FUND PROFILE

Fund Aims

To give long-term capital growth by investing in a wide portfolio of mainly Continental European company shares.

Risks

Equity risk factor: Investing in equities generally has the potential for higher capital growth over the longer term than investing in, say, fixed interest securities. However there might be considerable fluctuations in equity prices and there is a greater risk that you might not get all your money back.

Exchange rate risk factor: Exchange rate changes might cause the value of any overseas investments to go up or down.

INVESTMENT MANAGER'S REVIEW

Fears of a sovereign debt default has been the dominant story of the last six months. Greece came under the spotlight after it revealed the perilous state of its public finances. The markets balked and equities sold off heavily. But EU member states acted: first, bailing out the heavily indebted Aegean republic, and then by launching a €750 billion loans package to defend the embattled euro. The cheer, however, was short-lived, with the downgrading of Portugal's and Spain's debt by ratings agencies prompting a return of risk aversion. The latter's banking sector is also teetering. Away from the debt crisis, though, the picture is a little more sanguine. Forward-looking economic indicators are encouraging, while companies are once again delivering solid profit numbers. Overall, the FTSE Europe ex-UK index was down 2.2% in local currency terms for the six months to end-May.

Turning to the portfolio, Technip had an excellent review period. The French oil & gas field services provider found its shares in demand after it delivered forecast-beating figures for the fourth quarter of 2009. With spending in the oil industry set to pick up on the back of the global economic recovery, the outlook for the company is bright. Further, as the world's reserves dwindle and oil becomes increasingly difficult to extract, demand for Technip's expertise and technical acumen will increase. We expect the number of contracts the firm is awarded -- which was impressive in 2009 -- to grow in 2010.

Elsewhere, a position in Anheuser-Busch Inbev also enhanced the Fund's showing. Despite a difficult trading environment, the world's largest brewer delivered better-than-expected profit numbers for the last three months of last year. The company attributed the good showing to cost-cutting measures and price hikes. News that the integration of Anheuser-Busch and Inbev was running ahead of plan, with an expected \$610 million in synergies for the first six months of 2010, also pleased the market. Vallourec and Essilor International were among the Fund's other positive contributors.

In contrast, French bank Societe Generale saw its shares plummet in January after it issued a profit warning. The lender said the disappointing showing was due to depreciation of assets and provisions related to risky assets. Despite the poor performance, Societe Generale said it remained confident about the outlook for 2010. We therefore continue to carry this stock. Elsewhere, a disappointing profits report for January to March of this year saw shares in Intesa Sanpaolo sell off. The Italian bank blamed lower net interest income and higher taxes for the weak performance. We consequently sold our shares in the lender.

Looking ahead, this is certainly challenging period for the eurozone. The sovereign debt crisis will not go away overnight. So far, a number of countries – Germany, Spain, Greece and Italy – have initiated severe austerity packages aimed at tackling the problem. Markets are likely to remain cautious until concrete evidence emerges that these measures are working. Nonetheless, equities still represent good value, and through shrewd stock picking an investor can look forward to solid returns over 2010.

Investment markets and conditions can change rapidly and as such the views expressed should not be taken as statements of fact nor should reliance be placed on these views when making investment decisions.

European Growth Fund (continued)

TER

	31/05/10	30/11/09
	%	%
A Accumulation	1.62	1.63
B Accumulation	1.25	1.25
X Accumulation	0.12	0.12

The Total Expense Ratio (TER) is the total expenses paid by each share class in the period, annualised, against its average net asset value. The TER can fluctuate as underlying costs change.

Portfolio Turnover Rate

	31/05/10	30/11/09
		%
PTR	68.27	175.07

The Portfolio Turnover Rate (PTR) is a ratio that reflects the volume of trading within the Fund during the period. The PTR is the sum of all transactions in securities less the sum of all transactions in the Fund's shares against the Fund's average net asset value.

Details of investments

Investments	31/05/10	30/11/09
	%	%
France	24.74	30.37
Germany	19.59	15.86
Switzerland	16.78	16.54
Netherlands	11.85	7.11
Italy	8.81	9.05
Belgium	3.32	2.78
Spain	2.51	8.60
Luxembourg	2.24	2.86
Finland	2.14	1.60
Norway	1.54	-
Sweden	1.24	-
Ireland	1.10	0.98
Portugal	0.08	-
Net other assets	4.06	4.25
Total net assets	100.00	100.00

Net asset value

	NAV per share	NAV per share	NAV percentage change
	31/05/10	30/11/09	
	(p)	(p)	%
A Accumulation	325.78	350.53	(7.06)
B Accumulation	333.88	358.59	(6.89)
X Accumulation	359.40	383.87	(6.37)

Performance record

	01/12/09	01/12/08	01/12/07	01/12/06	01/12/05	01/12/04
	to 31/05/10	to 30/11/09	to 30/11/08	to 30/11/07	to 30/11/06	to 30/11/05
	%	%	%	%	%	%
European Growth Fund A						
Accumulation	(7.04)	29.03	(32.66)	20.98	17.22	26.32
Europe (ex-UK)						
Sector Average						
Return	(4.04)	34.01	(33.35)	13.48	20.00	23.97
FTSE Europe (ex-UK)						
Index	(5.83)	36.47	(33.59)	18.19	20.82	23.81

Sources: Lipper for European Growth Fund and Europe (ex-UK) Sector Average Return (funds which invest at least 80% of their assets in European equities and exclude UK securities). Basis: Mid to Mid, net income reinvested and net of expenses.

Source: Rimes for the FTSE Europe (ex-UK) Index (GBP). Basis: Income reinvested and gross of expenses.

Past performance is not a reliable indicator of future results. The value of an investment and any income from it is not guaranteed and can go down as well as up depending on investment performance and currency exchange rates.

Top five holdings

	31/05/10		30/11/09
	%		%
1. Nestle	5.13	Nestle	4.44
2. Siemens	3.73	Banco Santander	4.00
3. Total	3.70	Total	3.95
4. Anheuser-Busch InBev	3.32	Roche	3.60
5. Daimler	3.26	Daimler	3.32

Number of holdings: 49

Number of holdings: 44

Please note: negative figures are shown in brackets.

FUND PROFILE

Fund Aims

To give long-term capital growth by investing in a select portfolio of mainly Continental European company shares.

Risks

Equity risk factor: Investing in equities generally has the potential for higher capital growth over the longer term than investing in, say, fixed interest securities. However there might be considerable fluctuations in equity prices and there is a greater risk that you might not get all your money back.

Exchange rate risk factor: Exchange rate changes might cause the value of any overseas investments to go up or down.

Select portfolio risk factor: A select portfolio contains a limited number of stocks. By investing in a select portfolio there might be greater fluctuations in the value of your shares than with a wider portfolio.

INVESTMENT MANAGER'S REVIEW

Fears of a sovereign debt default has been the dominant story of the last six months. Greece came under the spotlight after it revealed the perilous state of its public finances. The markets balked and equities sold off heavily. But EU member states acted: first, bailing out the heavily indebted Aegean republic, and then by launching a €750 billion loans package to defend the embattled euro. The cheer, however, was short-lived, with the downgrading of Portugal's and Spain's debt by ratings agencies prompting a return of risk aversion. The latter's banking sector is also teetering. Away from the debt crisis, though, the picture is a little more sanguine. Forward-looking economic indicators are encouraging, while companies are once again delivering solid profit numbers. Overall, the FTSE Europe ex-UK index was down 2.2% in local currency terms for the six months to end-May.

Turning to the portfolio, France's Vallourec performed well over the review period. The company manufactures seamless steel tubes, used primarily in the oil & gas, power generation and mechanical engineering sectors. The outlook for Vallourec looks promising, with renewed confidence from the major oil companies meaning that capital expenditure for oil exploration is once again on the rise.

Elsewhere, French contact lens maker Essilor International saw its shares in demand after reporting a 7.8% rise in revenue for the first quarter of 2010. The company attributed the solid performance to recent acquisitions, notably of FGX International in the US, and higher sales in emerging markets. Other positives included Sandvik and Zurich Financial.

In contrast, a holding Renault was a disappointment. The company's shares plunged after it posted an annual loss of €3.1 billion in 2009 due to a sharp decrease in sales. On a more positive note, Renault did meet its target for "significantly positive free cash flow", which meant it continued to generate adequate funds to service its debt and manage operations. Meanwhile, shares in Spanish biopharmaceuticals group Grifols tumbled in April after Baxter, its US peer, delivered quarterly earnings numbers that had investors fretting over the outlook for the blood plasma sector. Other detractors from performance were Novartis and the portfolio not holding Novo Nordisk.

Looking ahead, this is certainly challenging period for the eurozone. The sovereign debt crisis will not go a way over night. So far, a number of countries – Germany, Spain, Greece and Italy – have initiated severe austerity packages aimed at tackling the problem. Markets are likely to remain cautious until concrete evidence emerges that these measures are working. Nonetheless, equities still represent good value, and through shrewd stock picking an investor can look forward to solid returns over 2010.

Investment markets and conditions can change rapidly and as such the views expressed should not be taken as statements of fact nor should reliance be placed on these views when making investment decisions.

European Select Growth Fund (continued)

TER

	31/05/10	30/11/09
	%	%
A Accumulation	1.63	1.63
X Accumulation	0.13	0.13

The Total Expense Ratio (TER) is the total expenses paid by each share class in the period, annualised, against its average net asset value. The TER can fluctuate as underlying costs change.

Portfolio Turnover Rate

	31/05/10	30/11/09
	%	%
PTR	88.14	187.37

The Portfolio Turnover Rate (PTR) is a ratio that reflects the volume of trading within the Fund during the period. The PTR is the sum of all transactions in securities less the sum of all transactions in the Fund's shares against the Fund's average net asset value.

Details of investments

Investments	31/05/10	30/11/09
	%	%
France	25.03	27.58
Germany	18.46	16.96
Switzerland	17.48	17.52
Netherlands	12.06	10.17
Italy	8.79	5.70
Belgium	3.46	2.82
Spain	2.59	9.70
Luxembourg	2.04	5.17
Finland	1.58	-
Ireland	1.53	0.28
Norway	1.53	-
Sweden	1.22	-
Portugal	1.14	1.10
Net other assets	3.09	3.00
Total net assets	100.00	100.00

Net asset value

	NAV per share	NAV per share	NAV percentage change
	31/05/10	30/11/09	
	(p)	(p)	%
A Accumulation	1,303.83	1,413.85	(7.78)
X Accumulation	1,455.60	1,567.41	(7.13)

Performance record

	01/12/09	01/12/08	01/12/07	01/12/06	01/12/05	01/12/04
	to 31/05/10	to 30/11/09	to 30/11/08	to 30/11/07	to 30/11/06	to 30/11/05
	%	%	%	%	%	%
European Select Growth Fund A	(7.73)	29.36	(34.22)	21.13	20.32	25.46
Europe (ex-UK) Sector Average Return	(4.04)	34.01	(33.35)	13.48	20.00	23.97
FTSE Europe (ex-UK) Index	(5.83)	36.47	(33.59)	18.19	20.82	23.81

Sources: Lipper for European Select Growth Fund and Europe (ex-UK) Sector Average Return (funds which invest at least 80% of their assets in European equities and exclude UK securities). Basis: Mid to Mid, net income reinvested and net of expenses. Source: Rimes for the FTSE Europe (ex-UK) Index (GBP). Basis: Income reinvested and gross of expenses.

Past performance is not a reliable indicator of future results. The value of an investment and any income from it is not guaranteed and can go down as well as up depending on investment performance and currency exchange rates.

Top five holdings

	31/05/10		30/11/09
	%		%
1. Nestle	5.29	Nestle	4.57
2. Siemens	4.01	Banco Santander	4.16
3. Total	3.73	Telefonica	3.93
4. Anheuser-Busch InBev	3.46	Total	3.87
5. Daimler	3.15	Daimler	3.80

Number of holdings: 48

Number of holdings: 41

Please note: negative figures are shown in brackets.

FUND PROFILE

Fund Aims

To give long-term capital growth by investing in a wide portfolio of mainly company shares in any geographical area, including the UK.

Risks

Equity risk factor: Investing in equities generally has the potential for higher capital growth over the longer term than investing in, say, fixed interest securities. However there might be considerable fluctuations in equity prices and there is a greater risk that you might not get all your money back.

Exchange rate risk factor: Exchange rate changes might cause the value of any overseas investments to go up or down.

INVESTMENT MANAGER'S REVIEW

The revival in global equity and financial markets, apparent for much of the early part of 2010, hit the buffers in May. Concerns over the strength and sustainability of economic recovery have never been far from the surface and fears surrounding the Greek debt crisis have prompted a flight to safety, with investors retreating from equities to the comparative safety of "core" government bond markets. The Fund underperformed its benchmark over the six months.

Away from the debt crisis, recent economic news offered some much-needed cheer. The highly influential Organization for Economic Co-operation and Development (OECD) increased its 2010 GDP forecast for the eurozone from 0.9% to 1.2%. It also raised its growth estimate for the following year to 1.8%. The OECD said the rebound was being driven by economic stimulus measures and the resurgence of world trade.

US equity markets made strong gains for much of the reporting period; in April, around 80% of the 173 companies in the S&P 500 index that reported results beat their earnings expectations. A considerable amount of ground was lost in May, however, when all ten of the index's core sectors fell. In Japan, equity markets managed a gain over the six months – the Topix index was up 5.7% in yen terms. Other Asian equities were not so fortunate, as the region experienced its worst declines during May since October 2008. The MSCI Asia Pacific (ex Japan) index was down 1.6% in local currency terms over the reporting period.

Over the six months, we began the process of concentrating the portfolio by reducing the number of companies that it invests in. Unfortunately, stock selection in the US had a detrimental effect on returns over the period. This was partly due to the Fund's exposure to a number of large cap "defensive" stocks – i.e. those which have the capability to generate modest returns, even when the investment environment is difficult. These companies struggled to keep up in the first half of the reporting period, as investors showed their preference for riskier assets.

In the information technology sector, the Fund profited from its holding in Apple. The company's gross sales have grown strongly on the back of its innovative products, such as the iPhone and iPad.

In February, we purchased a holding in Reed Elsevier, the broad-based publishing and information services company. It typically produces better operating results in the later stages of the business cycle. We believe that the fact that corporate profits may be sluggish for a year or so is more than adequately discounted in the company's valuation.

We also bought Esprit, the fashion retailer. Around 80% of the company's sales are from Europe, but the bulk of these are in the northern area, where we expect to see measures designed to stimulate domestic demand. The recent pullback in Esprit's share price related to worries about the European growth outlook. However, we believe this offers a good entry point to realise the stock's long-term value – which is not currently reflected in the company's valuation.

Looking ahead, we intend to place a lot of emphasis on careful stock selection. One focal point is identifying those companies with the best opportunities for strong sales growth. For example, a sharp rise in essential capital expenditure may shield the technology sector from the vagaries experienced by other economically sensitive areas of the market. We will also continue to invest in those defensive larger companies which currently have cheap valuations, relatively stable business models and the ability to cut costs.

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Global Growth Fund (continued)

TER

	31/05/10	30/11/09
	%	%
A Accumulation	1.63	1.63
B Accumulation	1.38	1.38
X Accumulation	0.13	0.12

The Total Expenses Ratio (TER) is the total expenses paid by each share class in the period, annualised, against its average net asset value. The TER can fluctuate as underlying costs change.

Portfolio Turnover Rate

	31/05/10	30/11/09
		%
PTR	157.51	35.78

The Portfolio Turnover Rate (PTR) is a ratio that reflects the volume of trading within the Fund during the period. The PTR is the sum of all transactions in securities less the sum of all transactions in the Fund's shares against the Fund's average net asset value.

Details of investments

Investments	31/05/10	30/11/09
	%	%
United States	43.62	42.19
United Kingdom	10.03	9.94
Japan	9.17	8.25
Switzerland	5.63	4.44
France	4.29	4.84
Ireland	3.09	5.17
Germany	3.05	2.13
South Korea	2.32	0.49
Mexico	2.00	-
Netherlands	1.90	2.09
Singapore	1.77	-
Canada	1.35	4.85
Israel	1.32	-
Australia	1.12	3.43
Malaysia	1.04	-
Brazil	1.03	-
Belgium	0.92	-
Panama	0.87	-
Luxembourg	0.76	2.33
Spain	0.74	2.43
Hong Kong	0.71	0.79
Bermuda	0.32	0.17
Sweden	-	1.47
Italy	-	0.94
China	-	0.77
Denmark	-	0.38
Norway	-	0.28
Finland	-	0.27
Portugal	-	0.15
Greece	-	0.13
Net other assets	2.95	2.07
Total net assets	100.00	100.00

Net asset value

	NAV per share 31/05/10 (p)	NAV per share 30/11/09 (p)	NAV percentage change %
A Accumulation	75.83	71.91	5.45
B Accumulation	77.29	73.21	5.57
X Accumulation	84.71	79.74	6.23

Performance record

	01/12/09 to 31/05/10	01/12/08 to 30/11/09	01/12/07 to 30/11/08	01/12/06 to 30/11/07	01/12/05 to 30/11/06	01/12/04 to 30/11/05
	%	%	%	%	%	%
Global Growth Fund A						
Accumulation	4.92	20.30	(23.14)	1.84	1.67	17.50
Global Growth Sector Average Return						
MSCI World Index	7.00	28.10	(28.68)	8.89	8.55	23.01
MSCI World Index	7.67	24.01	(23.55)	8.34	6.33	23.45

Sources: Lipper for Global Growth Fund and Global Growth Sector Average Return (funds which invest at least 80% of their assets in equities (but not more than 80% in UK assets) and which have the prime objective of achieving growth of capital). Basis: Mid to Mid, net income reinvested and net of expenses.

Source: Rimes for the MSCI World Index (GBP). Basis: Income reinvested and gross of expenses.

Past performance is not a reliable indicator of future results. The value of an investment and any income from it is not guaranteed and can go down as well as up depending on investment performance and currency exchange rates.

Top five holdings

	31/05/10	30/11/09
	%	%
1. iShares MSCI World ETF #	2.40	iShares MSCI World ETF # 4.79
2. Wells Fargo	2.11	Exxon Mobil 1.69
3. Cemex SAB de CV ADR	2.00	db x-trackers - MSCI World TRN Index ETF # 1.50
4. Vodafone	1.98	HSBC 1.18
5. Bank of America	1.90	Microsoft 1.16

Number of holdings: 87

Number of holdings: 261

Please note: negative figures are shown in brackets.

Exchange Traded Fund.

Stocks shown as ADR's represent American Depositary Receipts.

FUND PROFILE

Fund Aims

To give long-term capital growth by investing in a select portfolio of mainly company shares in any geographical area, including the UK.

Risks

Equity risk factor: Investing in equities generally has the potential for higher capital growth over the longer term than investing in, say, fixed interest securities. However there might be considerable fluctuations in equity prices and there is a greater risk that you might not get all your money back.

Exchange rate risk factor: Exchange rate changes might cause the value of any overseas investments to go up or down.

Select portfolio risk factor: A select portfolio contains a limited number of stocks. By investing in a select portfolio there might be greater fluctuations in the value of your shares than with a wider portfolio.

INVESTMENT MANAGER'S REVIEW

The revival in global equity and financial markets, apparent for much of the early part of 2010, hit the buffers in May. Concerns over the strength and sustainability of economic recovery have never been far from the surface and fears surrounding the Greek debt crisis have prompted a flight to safety, with investors retreating from equities to the comparative safety of "core" government bond markets. The Fund underperformed its benchmark over the six months.

Away from the debt crisis, recent economic news offered some much-needed cheer. The highly influential Organization for Economic Co-operation and Development (OECD) increased its 2010 GDP forecast for the eurozone from 0.9% to 1.2%. It also raised its growth estimate for the following year to 1.8%. The OECD said the rebound was being driven by economic stimulus measures and the resurgence of world trade.

US equity markets made strong gains for much of the reporting period; in April, around 80% of the 173 companies in the S&P 500 index that reported results beat their earnings expectations. A considerable amount of ground was lost in May, however, when all ten of the index's core sectors fell. In Japan, equity markets managed a gain over the six months – the Topix index was up 5.7% in yen terms. Other Asian equities were not so fortunate, as the region experienced its worst declines during May since October 2008. The MSCI Asia Pacific (ex Japan) index was down 1.6% in local currency terms over the reporting period.

The Fund profited from its relative lack of exposure (when compared to the benchmark) to European financial companies, which experienced sharp declines as the sovereign debt crisis wore on. Outside of the financial sector, however, another of our European holdings had a negative effect on performance. KPN, the Dutch telecommunications company, suffered a steep decline in its share price, after its competitors snapped up the most popular frequency bands in a German mobile spectrum auction that ended in May.

During the reporting period, we added to our holding in Carnival, the world's largest cruise group. Carnival was a strong performer over the six months, benefiting from a general improvement in sentiment. Bookings increased to accommodate pent-up demand, as holidaymakers rushed to sign up for the cruises they put off last year.

Recently, risks to the continuation of global economic recovery have heightened. Investors' fears have been reawakened by the problems in Greece and some other European countries, and by the prospect of tightening monetary policy in China. We believe, however, that these issues are beginning to be factored into share prices, leaving some valuations looking attractive. This allows us to use our bottom-up stock picking skills to their best advantage.

Investment markets and conditions can change rapidly and as such the views expressed should not be taken as statements of fact nor should reliance be placed on these views when making investment decisions.

Global Select Growth Fund (continued)

TER

	31/05/10	30/11/09
	%	%
A Accumulation	1.62	1.63
B Accumulation	1.37	1.37
X Accumulation	0.12	0.12

The Total Expenses Ratio (TER) is the total expenses paid by each share class in the period, annualised, against its average net asset value. The TER can fluctuate as underlying costs change.

Portfolio Turnover Rate

	31/05/10	30/11/09
		%
PTR	182.57	137.69

The Portfolio Turnover Rate (PTR) is a ratio that reflects the volume of trading within the Fund during the period. The PTR is the sum of all transactions in securities less the sum of all transactions in the Fund's shares against the Fund's average net asset value.

Details of investments

Investments	31/05/10	30/11/09
	%	%
United States	34.03	48.05
Japan	12.90	7.41
United Kingdom	11.30	13.71
Germany	4.83	2.96
Switzerland	4.70	4.93
Netherlands	4.31	2.61
Canada	2.96	1.53
Panama	2.90	-
Mexico	2.59	1.36
Ireland	2.49	-
China	2.45	1.74
France	2.00	5.07
Brazil	1.87	-
Hong Kong	1.82	2.18
Finland	1.77	-
Bermuda	0.48	0.76
Luxembourg	-	2.81
Norway	-	2.57
Net other assets	6.60	2.31
Total net assets	100.00	100.00

Net asset value

	NAV per share 31/05/10 (p)	NAV per share 30/11/09 (p)	NAV percentage change %
A Accumulation	421.99	403.76	4.52
B Accumulation	429.98	410.90	4.64
X Accumulation	469.91	446.32	5.29

Performance record

	01/12/09 to 31/05/10	01/12/08 to 30/11/09	01/12/07 to 30/11/08	01/12/06 to 30/11/07	01/12/05 to 30/11/06	01/12/04 to 30/11/05
	%	%	%	%	%	%
Global Select Growth Fund A						
Accumulation	4.07	20.71	(23.65)	6.86	6.24	16.69
Global Growth Sector Average Return	7.00	28.10	(28.68)	8.89	8.55	23.01
MSCI World Index	7.67	24.01	(23.55)	8.34	6.33	23.45

Sources: Lipper for Global Select Growth Fund and Global Growth Sector Average Return (funds which invest at least 80% of their assets in equities (but not more than 80% in UK assets) and which have the prime objective of achieving growth of capital). Basis: Mid to Mid, net income reinvested and net of expenses.

Source: Rimes for the MSCI World Index (GBP). Basis: Income reinvested and gross of expenses.

Past performance is not a reliable indicator of future results. The value of an investment and any income from it is not guaranteed and can go down as well as up depending on investment performance and currency exchange rates.

Top five holdings

	31/05/10	30/11/09
	%	%
1. Goldcorp	2.96	Occidental Petroleum 3.12
2. Carnival	2.90	Microsoft 3.08
3. Wells Fargo	2.81	Pfizer 2.83
4. PNC Financial Services	2.79	Tenaris ADR 2.81
5. Yamada Denki	2.71	Colgate-Palmolive 2.64

Number of holdings: 43

Number of holdings: 55

Please note: negative figures are shown in brackets.

FUND PROFILE

Fund Aims

To give long-term capital growth by investing in a wide portfolio of mainly Japanese company shares.

Risks

Equity risk factor: Investing in equities generally has the potential for higher capital growth over the longer term than investing in, say, fixed interest securities. However there might be considerable fluctuations in equity prices and there is a greater risk that you might not get all your money back.

Exchange rate risk factor: Exchange rate changes might cause the value of any overseas investments to go up or down.

INVESTMENT MANAGER'S REVIEW

Japanese equity markets experienced a slight gain over the six month reporting period, with the Topix index finishing up 5.7% in yen terms. The Fund outperformed its benchmark.

Recently, Japanese policymakers have increased their efforts to sustain economic recovery, as concern intensifies that the rising yen will curb exporters' profits and that falling prices will undermine consumer spending. The Bank of Japan unveiled a ¥10 trillion credit programme, followed by the announcement of ¥7.2 trillion economic stimulus package by the government.

In addition, speculation that the Bank of Japan would take further monetary easing action slowed the yen's progress in early 2010. This made exporters look more attractive to investors. Analysts also pointed out that a weaker yen would provide a timely boost to company earnings in the last month of the financial year. In late March, amid fears of deflation, the Japanese central bank confirmed plans to free up more cash for banks, doubling its lending to ¥20 trillion.

In May, however, exporters suffered for much of the month as the yen's strength increased. Investors flocked to the perceived safety of the currency as the debt crisis in Europe continued.

At individual asset level, Sumitomo Heavy Industries was the portfolio's strongest performer over the reporting period. The company benefited as Japanese machinery orders began to improve, both domestically and overseas.

Asahi Glass was also beneficial to performance during the review period. The company makes glass for automobiles, construction and flat-panel displays. Its production levels have recently risen more quickly than expected, partly due to strong demand for LCD TVs.

In contrast, our holding in Shionogi & Co, which manufactures and sells pharmaceuticals, had a detrimental effect on returns. The pharmaceutical sector underperformed during the six months, and in Shionogi's case, the outcome of an upcoming court case may have weighed on the share price.

Our outlook for the Japanese market over the medium to long term remains cautiously positive. We believe that banking and other financial stocks are in a strong position to take advantage of Japan's continued economic recovery. Last year, performance was held back by equity issuance as the big banks strove to improve their balance sheets. This process is now almost complete and falling credit costs should help their earnings to beat expectations.

Looking ahead, we expect to retain the Fund's moderately underweight (compared to the benchmark) exposure to the typically defensive sectors, such as consumer staples and utilities. In contrast, our outlook for the financials sector remains positive. Finally, current demand levels combined with a shortage of components leaves us with a positive outlook for the technology sector.

Investment markets and conditions can change rapidly and as such the views expressed should not be taken as statements of fact nor should reliance be placed on these views when making investment decisions.

Japan Growth Fund (continued)

TER

	31/05/10	30/11/09
	%	%
A Accumulation	1.66	1.70
B Accumulation	1.29	1.32
X Accumulation	0.16	0.19

The Total Expenses Ratio (TER) is the total expenses paid by each share class in the period, annualised, against its average net asset value. The TER can fluctuate as underlying costs change.

Portfolio Turnover Rate

	31/05/10	30/11/09
		%
PTR	64.80	241.43

The Portfolio Turnover Rate (PTR) is a ratio that reflects the volume of trading within the Fund during the period. The PTR is the sum of all transactions in securities less the sum of all transactions in the Fund's shares against the Fund's average net asset value.

Details of investments

Investments	31/05/10	30/11/09
	%	%
Industrials	23.46	16.89
Consumer Goods	20.28	19.89
Financials	17.10	19.72
Technology	11.11	9.22
Basic Materials	7.63	6.10
Consumer Services	6.78	11.54
Healthcare	4.19	4.24
Telecommunications	3.91	4.78
Utilities	2.92	3.24
Oil & Gas	1.37	2.74
Net other assets	1.25	1.64
Total net assets	100.00	100.00

Net asset value

	NAV per share	NAV per share	NAV percentage change
	31/05/10	30/11/09	
	(p)	(p)	%
A Accumulation	76.61	67.49	13.51
B Accumulation	79.79	70.17	13.71
X Accumulation	86.94	76.03	14.35

Performance record

	01/12/09 to 31/05/10	01/12/08 to 30/11/09	01/12/07 to 30/11/08	01/12/06 to 30/11/07	01/12/05 to 30/11/06	01/12/04 to 30/11/05
	%	%	%	%	%	%
Japan Growth Fund A						
Accumulation	13.31	7.34	(18.29)	(7.88)	(6.53)	29.89
Japan Sector Average						
Return	14.64	5.57	(16.39)	(7.96)	(6.97)	33.34
MSCI Japan Index	13.08	6.74	(15.63)	(2.15)	(0.90)	34.37

Sources: Lipper for Japan Growth Fund and Japan Sector Average Return (funds which invest at least 80% of their assets in Japanese equities). Basis: Mid to Mid, net income reinvested and net of expenses.

Source: Rimes for the MSCI Japan Index (GBP). Basis: Income reinvested and gross of expenses.

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Top five holdings

	31/05/10		30/11/09
	%		%
1. Toyota Motor	6.62	Toyota Motor	8.33
2. Mitsui	4.97	Mitsui	3.93
3. Sumitomo Mitsui Financial	4.41	Sumitomo Mitsui Financial	3.76
4. Mitsubishi UFJ Financial	3.67	Mitsubishi Estate	3.69
5. East Japan Railway	3.04	East Japan Railway	3.44

Number of holdings: 42

Number of holdings: 42

Please note: negative figures are shown in brackets.

FUND PROFILE

Fund Aims

To give long-term capital growth by investing in a select portfolio of mainly Japanese company shares.

Risks

Equity risk factor: Investing in equities generally has the potential for higher capital growth over the longer term than investing in, say, fixed interest securities. However there might be considerable fluctuations in equity prices and there is a greater risk that you might not get all your money back.

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INVESTMENT MANAGER'S REVIEW

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In May, however, exporters suffered for much of the month as the yen's strength increased. Investors flocked to the perceived safety of the currency as the debt crisis in Europe continued.

At individual asset level, Sumitomo Heavy Industries was the portfolio's strongest performer over the reporting period. The company benefited as Japanese machinery orders began to improve, both domestically and overseas.

Asahi Glass was also beneficial to performance during the review period. The company makes glass for automobiles, construction and flat-panel displays. Its production levels have recently risen more quickly than expected, partly due to strong demand for LCD TVs.

In contrast, our holding in Shionogi & Co, which manufactures and sells pharmaceuticals, had a detrimental effect on returns. The pharmaceutical sector underperformed during the six months, and in Shionogi's case, the outcome of an upcoming court case may have weighed on the share price.

Our outlook for the Japanese market over the medium to long term remains cautiously positive. We believe that banking and other financial stocks are in a strong position to take advantage of Japan's continued economic recovery. Last year, performance was held back by equity issuance as the big banks strove to improve their balance sheets. This process is now almost complete and falling credit costs should help their earnings to beat expectations.

Looking ahead, we expect to retain the Fund's moderately underweight (compared to the benchmark) exposure to the typically defensive sectors, such as consumer staples and utilities. In contrast, our outlook for the financials sector remains positive. Finally, current demand levels combined with a shortage of components leaves us with a positive outlook for the technology sector.

Investment markets and conditions can change rapidly and as such the views expressed should not be taken as statements of fact nor should reliance be placed on these views when making investment decisions.

Japan Select Growth Fund (continued)

TER

	31/05/10	30/11/09
	%	%
A Accumulation	2.50	2.71
X Accumulation	1.01	1.19

The Total Expense Ratio (TER) is the total expenses paid by each share class in the period, annualised, against its average net asset value. The TER can fluctuate as underlying costs change.

Portfolio Turnover Rate

	31/05/10	30/11/09
		%
PTR	31.59	160.07

The Portfolio Turnover Rate (PTR) is a ratio that reflects the volume of trading within the Fund during the period. The PTR is the sum of all transactions in securities less the sum of all transactions in the Fund's shares against the Fund's average net asset value.

Details of investments

Investments	31/05/10	30/11/09
	%	%
Consumer Goods	20.64	23.40
Industrials	18.53	14.40
Financials	17.24	19.53
Technology	10.23	9.63
Consumer Services	10.04	11.21
Basic Materials	7.37	5.95
Healthcare	4.51	5.26
Utilities	3.78	3.57
Telecommunications	3.51	4.07
Oil & Gas	1.57	2.88
Financials - Ireland	-	0.70
Net other assets/(liabilities)	2.58	(0.60)
Total net assets	100.00	100.00

Net asset value

	NAV per share	NAV per share	NAV percentage change
	31/05/10	30/11/09	
	(p)	(p)	%
A Accumulation	188.71	164.96	14.40
X Accumulation	208.39	180.84	15.23

Performance record

	01/12/09	01/12/08	01/12/07	01/12/06	01/12/05	01/12/04
	to 31/05/10	to 30/11/09	to 30/11/08	to 30/11/07	to 30/11/06	to 30/11/05
	%	%	%	%	%	%
Japan Select Growth Fund A						
Accumulation	14.35	7.94	(21.60)	(9.83)	(6.79)	27.79
Japan Sector						
Average Return	14.64	5.57	(16.39)	(7.96)	(6.97)	33.34
MSCI						
Japan Index	13.08	6.74	(15.63)	(2.15)	(0.90)	34.37

Sources: Lipper for Japan Select Growth Fund and Japan Sector Average Return (funds which invest at least 80% of their assets in Japanese equities). Basis: Mid to Mid, net income reinvested and net of expenses.

Source: Rimes for the MSCI Japan Index (GBP). Basis: Income reinvested and gross of expenses.

Past performance is not a reliable indicator of future results. The value of an investment and any income from it is not guaranteed and can go down as well as up depending on investment performance and currency exchange rates.

Top five holdings

	31/05/10	30/11/09
	%	%
1. Toyota Motor	7.28	Toyota Motor 8.13
2. Sumitomo Mitsui Financial	4.15	East Japan Railway 3.77
3. East Japan Railway	3.59	Mitsubishi 3.77
4. Mitsui	3.41	Mitsubishi Estate 3.77
5. Mitsubishi UFJ Financial	3.04	Sumitomo Mitsui Financial 3.37

Number of holdings: 49

Number of holdings: 49

Please note: negative figures are shown in brackets.

FUND PROFILE

Fund Aims

To give long-term capital growth by investing in the stockmarkets of Asia and Australasia, excluding Japan.

Risks

Emerging markets risk factor: The fund may invest in emerging stockmarkets which are generally less well regulated and developed than those in the UK and there is less investor protection. This might result in a greater risk that the value of shares in the fund might fall.

Emerging markets liquidity risk factor: Investments in these markets might be bought and sold less frequently and there might be lower trading volumes. This might cause large changes in the prices of these investments and so their value could fall by large amounts.

Emerging markets exchange rate risk factor: Exchange rate changes might cause the value of any overseas investments to go up or down. This risk is greater for emerging markets countries, which might be subject to greater political and economic changes.

Equity risk factor: Investing in equities generally has the potential for higher capital growth over the longer term than investing in, say, fixed interest securities. However there might be considerable fluctuations in equity prices and there is a greater risk that you might not get all your money back.

INVESTMENT MANAGER'S REVIEW

Equity indices in the Asia Pacific region performed strongly towards the end of 2009. The region sold off in January, however, after news of a move by Indian and Chinese bank regulators to increase reserving requirements for financial institutions in their respective economies. Fears over a potential growth bubble were the catalysts for the plan.

In May, the region went on to suffer its worst declines since October 2008. A variety of factors combined to drag down prices, including an Australian mining industry "super profit" tax and cross-border tensions between South Korea and its northern counterpart. The MSCI Asia Pacific (ex-Japan) index was down 1.6% in local currency terms over the six months. The Fund produced a return in line with that of its benchmark.

Economic data released during the period provided some cheer, however. Encouraging industrial production figures and better-than-expected Q4 GDP growth figures were a leading driver of regional returns. Taiwan's market was particularly strong, as data showed that the emerging tiger's economy grew by a record 18% in the fourth quarter on an annualised basis.

Stock selection – particularly in Taiwan, South Korea and Malaysia - was strong over the six months, making a positive contribution to performance. At sector level, industrials and capital goods achieved the best returns.

Turning to individual stocks, our holding in Samsung Electro-Mechanics had a positive effect on returns over the six months. It benefited from an increase in demand for its light-emitting diode (LED) products.

Ruentex industries, a Taiwanese textile company, also performed strongly. The share price has had a strong run since the end of March, when expectations increased that export tariffs to China would be lowered.

Finally, the Korean company Kia Motors was positive for performance. It did well on the back of earnings upgrades and remains very cheap.

Our outlook for the Asia/Pacific region is generally positive, although the potential for more volatility remains.

From a corporate perspective, sales expectations have increased and we now expect increased earnings per share to be driven by sales growth, rather than cost-cutting measures. Meanwhile, merger and acquisition activity has begun to rebound and companies have begun to realise that stock prices are cheap – leading to an increase in share buyback schemes.

Some high-quality companies are now available at attractive prices. We intend to use our stock-picking skills to seek these opportunities out, with the aim of delivering good value and strong returns.

Investment markets and conditions can change rapidly and as such the views expressed should not be taken as statements of fact nor should reliance be placed on these views when making investment decisions.

Pacific Growth Fund (continued)

TER

	31/05/10	30/11/09
	%	%
A Accumulation	1.70	1.78
B Accumulation	1.45	1.53
X Accumulation	0.20	0.27

The Total Expense Ratio (TER) is the total expenses paid by each share class in the period, annualised, against its average net asset value. The TER can fluctuate as underlying costs change.

Portfolio Turnover Rate

	31/05/10	30/11/09
	%	%
PTR	(2.50)	64.80

The Portfolio Turnover Rate (PTR) is a ratio that reflects the volume of trading within the Fund during the period. The PTR is the sum of all transactions in securities less the sum of all transactions in the Fund's shares against the Fund's average net asset value.

Details of investments

Investments	31/05/10	30/11/09
	%	%
Australia	26.67	27.85
South Korea	14.11	12.51
Hong Kong	11.89	11.43
Taiwan	11.45	10.62
China	9.67	9.98
India	8.10	7.65
Singapore	4.82	4.53
Cayman Islands	3.27	3.08
Indonesia	2.89	2.42
Malaysia	2.52	2.22
Thailand	1.66	1.34
Bermuda	0.44	0.46
Ireland	0.43	2.52
Philippines	0.38	0.36
United Kingdom	0.32	0.27
Isle Of Man	0.29	0.29
New Zealand	0.24	0.26
Derivatives	(0.02)	0.02
Net other assets	0.87	2.19
Total net assets	100.00	100.00

Net asset value

	NAV per share	NAV per share	NAV percentage change
	31/05/10	30/11/09	
	(p)	(p)	%
A Accumulation	759.03	702.43	8.06
B Accumulation	769.39	711.14	8.19
X Accumulation	833.25	765.46	8.86

Performance record

	01/12/09	01/12/08	01/12/07	01/12/06	01/12/05	01/12/04
	to 31/05/10	to 30/11/09	to 30/11/08	to 30/11/07	to 30/11/06	to 30/11/05
	%	%	%	%	%	%
Pacific Growth Fund A						
Accumulation	8.12	60.84	(38.60)	29.68	13.91	28.72
Asia Pacific (ex-Japan)						
Sector Average Return	6.43	64.27	(40.56)	39.47	18.98	27.49
MSCI AC Asia Pacific (ex-Japan) Index	8.13	70.68	(41.21)	38.24	18.10	31.96

Sources: Lipper for Pacific Growth Fund and Asia Pacific (ex-Japan) Sector Average Return (funds which invest at least 80% of their assets in Asia Pacific equities and exclude Japanese securities). Basis: Mid to Mid, net income reinvested and net of expenses.

Source: Rimes for the MSCI AC Asia Pacific (ex-Japan) Index (GBP). Basis: Income reinvested and gross of expenses.

Past performance is not a reliable indicator of future results. The value of an investment and any income from it is not guaranteed and can go down as well as up depending on investment performance and currency exchange rates.

Top five holdings

	31/05/10		30/11/09
	%		%
1. BHP Billiton	3.78	BHP Billiton	3.95
2. Samsung Electronics	2.73	Commonwealth Bank of Australia	2.55
3. Commonwealth Bank of Australia	2.54	iShares MSCI AC Far East ex-Japan ETF #	2.52
4. Westpac Banking	2.26	Samsung Electronics	2.38
5. Australia & New Zealand Banking	1.74	Westpac Banking	2.30

Number of holdings: 255

Number of holdings: 254

Please note: negative figures are shown in brackets.

Exchange Traded Fund



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